STATEMENT OF

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MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

Thank you for the opportunity to testify on the role of federal land managers in the hydroelectric relicensing procedure of the Federal Energy Regulatory Commission (FERC). With me today is Dale Burkett, Acting Assistant Director and National Hydropower Program Coordinator for the Forest Service.

Background

In the 1940-50's, over 290 hydroelectric projects were licensed and constructed on National Forest System (NFS) lands. Power generated from these facilities has played a vital part in the economic development of the Nation. However, the construction and subsequent operation of some of these projects has, over time, resulted in some adverse effects to National Forest resources. These effects were not anticipated at the time of the original license.

During the next ten years, over 180 of these projects will come up for relicensing - 98 of which will occur in the next 3 years. The relicensing cycle presents an opportunity for the Forest Service and other federal agencies to examine how these projects have

affected the public's resources, reverse adverse effects, and prevent adverse effects in the future.

Forest Service Role under the Federal Power Act

In the broadest terms, Mr. Chairman, the Federal Power Act sets out different roles for FERC and the Forest Service in hydropower licensing. FERC's role is to license projects that are best adapted to the comprehensive development of a waterway, taking into account economic and environmental factors. The Forest Service ensures that the resources of the National Forests are adequately protected by: (1) advising FERC whether a project is consistent with national forest purposes and (2) providing license conditions necessary to protect National Forest resources and assure that the project complies with national forest purposes under Section 4 (e) of the Federal Power Act.

Section 4 (e) of the Federal Power Act provides the authority and responsibility to develop conditions for FERC licenses for facilities on National Forest System lands. Section 4 (e) requires that FERC include any conditions that the Secretary of Agriculture deems necessary "for the adequate protection and utilization" of the National Forest resources when issuing a license for a project that will occupy National Forest System lands.

The authorization of all activities that take place on National Forest System lands is done in consideration of an existing Forest Plan, which guides the management of National Forest System lands. Section 4 (e) authority also provides the Forest Service with the ability to produce significant benefits to programs and other resources on National Forest System lands through development of mitigation and restoration packages. Fish and wildlife resources are the primary areas affected by hydropower generation and, consequently, the resources that may benefit most from the development of mitigation and restoration packages. Often, hydropower development

affects other water-related resources including riparian areas and aquatic and terrestrial species that are dependent on riparian areas. Hydropower development also affects recreation opportunities, such as boating and fishing.

The Forest Service's ability to meet its legal obligations under the National Environmental Policy Act, the National Forest Management Act, the Endangered Species Act, and other environmental laws could be dramatically affected by any reduction of authority to prescribe mitigation conditions, pursuant to Section 4 (e) of Federal Power Act. Only the Forest Service is in a position to mitigate adverse effects of hydropower projects on National Forest System lands in light of its various statutory responsibilities.

Streamlining Efforts to Date

We understand the concern of the hydropower industry that the licensing process is complex; however, the need to safeguard the public's resources while producing hydropower on public lands is also complex. The Forest Service supports FERC's Collaborative Relicensing Process. We believe that this process will provide a faster and less expensive approach to the relicensing process and still facilitate public participation and needed resource protection measures.

We and other federal agencies are examining additional ways to streamline the re-licensing process by reducing duplication and administrative costs, as well as resolving conflicting mandates. While the results are still preliminary, we are confident that the efforts will result in much improved working relationships between the applicants, state and federal agencies, and public interests groups. Once these efforts are complete, we will amend our Hydropower Manual and Handbook policy and procedures.

The Forest Service is presently conducting a limited analysis and is exploring the possibility of initiating more thorough and scientific market analyses to determine appropriate rental fees for hydroelectric uses and occupancies of National Forest system lands. As directed in Title V of the Federal Land Policy and Management Act of 1976, these fees would be commensurate with the value of the rights and privileges granted to the operators of these projects on public land.

Conclusion

The Forest Service recognizes that hydropower generation is a legitimate use of National Forest System lands. However, we would oppose any proposal to diminish or eliminate the Forest Service's ability to protect the resources of the national forests from the effects of hydropower projects. The Agency will also be exploring the possibility of recovering administrative costs and identifying appropriate fees for such uses.

This concludes my statement, Mr. Chairman. I would be happy to answer any questions you or other members of the subcommittee may have.